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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

TAXATION OF RENTED FARMS - 1919

A Preliminary Report

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Washington, D. C.
March, 1925.



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EVANSTON OF RENEWED TAXES, 1919

By

C. O. Brannen, Associate Agricultural Economist, and
J. T. Sanders, Assistant Agricultural Economist,
Bureau of Agricultural Economics.

The Nation's development has been marked by growth in governmental expense. In earlier days taxes were levied mainly for the purpose of maintaining law and order. Since that time public education, public health, public highways and various other activities formerly undertaken at private expense, have become functions of government. In addition, most of the older established functions have been expanded and broadened to meet the growth of population and wealth and the consequent development of a more complicated economic society. Underlying this movement has been the growing belief that more and better services may be had at less cost by collective spending and that all the people should have the benefit of certain advantages necessary to the advancement of the Nation.

This is the normal development of the progressive community. Increased demands for public service cannot be satisfied, however, without increased taxation. The evidence of this is to be seen on all sides. Total tax revenues in the United States increased from 1913 to 1922, from slightly less than four billion to almost eight billion dollars, or 198 per cent. ^{1/} A considerable part of this increase in taxation, of course, resulted from the late war. But it is estimated by the Bureau of the Census that State and local taxes increased 115 per cent during the same period and that the general property tax, which is the chief source of State and local revenues, increased 160 per cent in the ten-year period.

The expansion in governmental activities with the accompanying increase in public expenditures, however, is not the problem with which we have to deal. This tendency appears in the development of all civilized countries. Occasional reductions in the volume of taxes may appear,

^{1/} Report of the Census, 1922.

yet in the long run further increases in taxation may be expected. While tax reduction alone will not solve the problem of inequitable taxation, it is always advisable to consider the possibility of retrenchment. The primary problem, however, is to bring about a more equitable distribution of the public burden on all classes of property and all taxpayers.

Under our multiple system of government the relationship of the individual to the State and to the minor governmental subdivisions is complex. In view of this complexity and the variety of special forms of taxation which have in part supplanted earlier uniform methods, a statistical measurement of the relative tax burden or of the tax obligation has become increasingly difficult. In fact, it may be questioned whether an accurate statistical measurement is ever possible, but statistics may be employed in a very general way to indicate the tax situation of certain broad groups of taxpayers.

The problem of State and local taxation, particularly as it relates to farmers, hinges very largely on the methods of general property taxation, for most of State and local revenues are derived from the general property tax. Of all tax revenues in the 48 States in 1922, 83 per cent came from this source. The dependence on general property taxes as the chief source of revenues varies somewhat with the States, as shown in Table 1 of the Appendix. In Texas general property taxes represented 96.3 per cent of all tax revenues, and in Delaware they represented 55.9 per cent.

There are two generally accepted viewpoints from which taxation may be considered. It may be considered as personal in relation to the individual's personal ability to pay, or it may be considered as objective in relation to business or property earnings. The amount of taxes paid in the first case should be considered in the light of its effect on the total income of the individual and the personal sacrifice made because of the tax. The amount paid in the second case is to be considered in its effect on the business venture, although any tax is in a measure personal and is sure to result in some degree of sacrifice.

In view of the fact that the tax on real estate under the general tax system has become, in practice, a tax on property as such, we may consider this part of the farmer's total tax in relation to farm real estate earnings. The defects of the general property tax system are well known. The tax is based on capital value, irrespective of either personal or property incomes. A tax of this nature applied uniformly to practically all classes of property will affect the earnings of one class more than another. For example, one class of property may yield an average rate of return of 10 per cent while another yields 2 per cent, yet the tax based on sale value may be the same. If the tax is equivalent to one per cent of sale value, it might absorb 10 per cent of the income in one case and 50 per cent in the other. Besides, there are varying degrees of difficulty in reaching different classes of property for taxation by this method. The greater the extent to which this is true, the greater will be the inequality in taxation in relation to income or earnings. For these and other reasons State and local taxation operates to the peculiar disadvantage of farmers.

The purpose of the present study has been to determine for the year 1919 the relation of State and local property taxes on real estate to farm real estate earnings. The real estate tax is compared with income from rent of farms rented for cash in selected areas. Data for owner-operated farms have not been included because of the greater difficulty of obtaining the earnings of farms operated by their owners. Earnings of land based on cash rent are considered representative of land income at a given time in communities where cash rent is prevalent.^{2/}

For comparison with the tax on farms, data were collected in a few of the counties to show the relation of taxes to rent of urban real estate. Analyses were made to indicate the proportions of the tax levied by the State, by the county and by local governmental agencies, and to show the major purposes for which such taxes were levied.

A total of 3,221 farms in 31 counties in 26 States are included in the study. The number of acres is shown in Table 1. The counties selected for study are considered fairly representative of the agricultural sections in which they are located, although some of them may be slightly above the average for the State as a whole. In size, extent of improvement, average value per acre, and the percentage of the total value of real estate in improvements, as shown in Table 2 of the Appendix, the selected farms are generally representative of all farms in the county.

Relation of Property Taxes to Cash Rent of Farm Real Estate

Property taxes, State and local, absorbed in 1919 a large part of the net rent of farms in most of the counties included in this survey. This was true even though in that time rents were relatively high and taxes relatively low. Since 1919 rents have declined and taxes have increased. Though the percentage of rent used in the payment of taxes was rather large in most of the areas, yet it was much higher in some than in others. (Table 1) The tax expressed in percentage of net rent was highest in the Middle Atlantic and some of the Western States and lowest in the Southern States. In general this percentage for the North Central and Rocky Mountain States fell between these extremes.^{3/}

^{2/} In selected counties surveys were made of all cash-rented farms of ten or more cultivated acres as reported by the census of 1920. Where there was evidence of kinship between landowner and tenant or where the data were otherwise inadequate for this purpose, farms were not included. From census records were taken the number of acres, cash rent paid in 1919 and valuation of land and improvements. The number of acres, assessed valuation, taxes levied as of 1919, and other necessary information were obtained from official records by personal visit to the county. Special assessments and acreage taxes for drainage or levee were not included in the tax statistics.

The study was made by the Division of Agricultural Finance and the Division of Land Economics, Bureau of Agricultural Economics.

^{3/} To ascertain net rent before taxes were paid, allowance was made for depreciation and repairs and for insurance of farm buildings. In making the deduction for depreciation and repairs, the annual rate of depreciation and

Table 1. Relation of Taxes to Net Cash Rent of Farm Real Estate Per Acre and Percentage of Rent Absorbed by Taxes, 1919.

S t a t e and C o u n t y	F a r m s ^{/1}		Net rent	Tax	Relation of
	Number	Acres	per acre (before deducting taxes)	per Acre	taxes to Net Rent (before deduct- ing taxes)
			Dollars	Dollars	Per Cent
New York - Delaware	137	20,794	1.23	.38	30.9
- Niagara	86	6,170	2.75	.85	30.9
Pennsylvania - Chester	177	13,625	1.83	1.20	65.6
Ohio - Franklin	90	7,279	6.30	1.41	22.4
Indiana - Tipton	77	6,293	9.38	1.41	15.0
Illinois - Macoupin	79	7,510	3.52	.64	18.2
Michigan - Lenawee	111	8,863	4.40	1.67	38.0
Wisconsin - Dane	106	11,553	3.98	1.18	29.6
Minnesota - McLeod	87	12,345	3.49	.85	24.4
South Dakota - Moody	128	29,475	4.76	.77	16.2
Iowa - Union	113	16,094	5.29	.84	15.9
- Story	100	14,217	7.28	1.37	18.8
Nebraska - Wayne	88	16,161	5.74	.67	11.7
Kansas - Butler	155	42,787	1.73	.41	23.7
Virginia - Southampton	36	5,032	1.96	.11	5.6
North Carolina - Halifax	161	29,235	2.08	.13	6.3
Georgia - Bleckley	150	14,810	2.94	.22	7.5
Alabama - Montgomery	181	7,383	2.41	.17	7.1
Mississippi - Tunica	101	6,810	14.24	1.61	11.3
Tennessee - Rutherford	95	7,684	3.14	.24	7.6
Arkansas - St. Francis	37	2,561	5.11	.53	10.4
Oklahoma - Payne	196	26,209	1.30	.38	29.2
Colorado - Delta	57	3,899	4.04	.96	24.0
- Otero	52	5,213	12.63	2.19	17.4
Utah - Salt Lake	28	987	9.81	2.82	28.7
Idaho - Ada	66	3,032	10.02	2.85	28.4
- Madison	32	2,582	11.31	1.76	15.6
Oregon - Washington	115	11,880	4.34	1.64	37.8
California - Sacramento	130	11,814	10.49	1.36	13.0
- Merced	118	12,091	9.78	1.63	16.7
Arizona - Maricopa	132	11,155	26.71	2.61	9.8

^{/1} Acreage is that appearing on the tax record, which is not always identical with census acreage shown in Table 2 of the appendix.

The relation of taxes to rent will, of course, vary in different places depending upon economic as well as tax conditions. It is not possible to explain all of these conditions, but the extent to which the data shown for different areas lack comparability may be pointed out. This will explain in part the different percentages shown for the counties surveyed.

In the Southern States the so-called rent includes not only real estate rent, but returns for management and risk. The percentages shown for Southern counties, therefore, are lower than they would be if the rent proper could have been accurately determined. In dairying or trucking sections where most of the land is operated by owners, the rent charge on the few farms that happen to be leased is likely to be nominal. Also in sections where farms are over-improved, that is, where the value of farm buildings is more than is ordinarily required for farm needs, the net rent is less than it otherwise would be because of the larger deduction made for depreciation and insurance, while the landowner in such cases probably received no rent for improvements in excess of farm needs.

In Chester County, Pennsylvania, the value of improvements was approximately half of the total value of real estate, and the deduction made for depreciation and insurance was over half of the gross rent. It is for this reason, in part at least, that the percentage shown for Chester County, and for other counties where similar conditions prevail, is higher than in other counties. The net income of the selected farms, and the percentage of the rent required in the payment of taxes, may thus be higher or lower than the average for the areas studied, according to the effect of such special conditions. The results of the study should be considered as broadly indicative of the relation of taxes to real estate earnings rather than as conclusive evidence that an exact percentage of earnings is required in the payment of taxes in any particular county.

The relative amount of the tax on farm real estate under the prevailing system of State and local taxation may be affected by any of the following factors: (1) Exemption of farm real estate, (2) classification of property for taxing purposes, (3) percentage assessment of farm real estate as compared with other classes of property, (4) degree of dependence upon property taxes for State, county and local revenues, (5) the extent of development of public improvements as affecting the volume of expenditures,

repairs on farm buildings ascertained in farm management and cost of production studies made by the U. S. Department of Agriculture in the various States was applied to the census valuation of improvements on the farms studied.

For the cost of insurance, the current rates of insurance in the different States, ascertained by the Department of Agriculture, was applied to three-fourths of the census valuation of improvements, which allows a conservative reduction for the cost of insurance. In any case the margin of error is small, since this item of expense is relatively unimportant in most areas. The rates used for depreciation and repairs and the average rate of insurance from 1916 to 1920 are given for the several counties in Table 3 of the appendix.

(6) the extent to which other classes escape taxation under the general property tax system, and (7) the use of sale value as the only basis of real estate assessment.

Farm real estate included in this report enjoyed no exemption from taxation of any consequence. In South Dakota, dwelling houses occupied by owners were exempt in 1919 to the extent of \$500, although such exemption did not apply in case of rented farms. In Indiana, 50 per cent of the mortgaged value of farm real estate was subject to exemption not to exceed \$1,000 (Table 5 of the Appendix). To the extent that other classes of property are exempt, land may be expected to bear a heavier tax.

The classification of property for different rates of assessment under the general property tax had no influence on the amount of the tax, except in the Minnesota county, where farm real estate was assessed at one-third of "full value," while certain other classes of property were assessed at a higher percentage. The legal provision in certain States for assessing all property at only a part of the actual value, as, for example, in Iowa, Illinois and Alabama, had the effect of reducing taxes on real estate in so far as public revenues were derived from sources other than the general property tax.

The policy or practice of disregarding legal requirements and assessing property at varying percentages of actual value certainly has its effect on the amount of the tax in individual cases but whether farm real estate in the aggregate bears less tax thereby is a debatable question. Low valuations are accompanied by high rates of levy, and the practice of partial assessment affords greater opportunity for inequality all around. A greater degree of equality is probably attained under the classified property tax with thorough assessment of all classes of property at full value, provided the percentage of value to be taxed for different classes follows earning capacity.

The state of a county's development in public improvement reflects to a considerable extent the amount of public expenditure and likewise the amount of the real estate tax. Good roads and modern school buildings account for a large part of such tax, since the revenues for such purposes are derived usually from local taxation. No great difference can be seen in this respect as between older and more newly developed counties. In the older counties considerable improvement may have been made in the past, which in many cases now has to be done over, whereas in newer settled counties such improvement is just now under way. The chief difference exists as between the county that is making large expenditures for roads and schools, either initial or replacement, and the county which is not making such expenditures.

The amount of the tax on farm property may also be higher in one State than another depending upon the extent to which schools, roads and similar public services are financed by means of local taxation. The effect of this factor was not determined for the counties surveyed. The tax is likely to be less than it would be otherwise, however, where the State derives considerable revenues from sources other than the general property tax.

Only three States included in this report, New York, Pennsylvania and California, levied in 1919 no property tax for State purposes.^{4/} In these States the ratio of tax to both census valuation and cash rent was comparatively high. This situation may have resulted from the greater public expenditure rather than from a disproportionate tax on real estate. In certain other States that rely on other sources of revenue for State purposes, such as Ohio, Minnesota, Virginia, North Carolina, and Alabama, taxes on farm real estate appeared more favorable in comparison with census valuation and cash rent, but since State revenues constitute only a minor part of total revenues, absence of the State tax, as a rule, has a minor effect in reducing taxes on real estate.

Whether little or no State property tax levy gives comparative relief from taxation depends upon the extent to which the State distributes revenues from other sources in support of local institutions and facilities, such as schools and roads. If such local functions are supported by local taxes, no large measure of relief will be felt by real estate merely by eliminating the taxation of real estate for State purposes.

The collection of occupation and business taxes by counties, a characteristic of the local systems of taxation in some of the Southern States, probably has some effect in reducing taxes on land in Southern counties.

It has always been the case that while many other classes of property escape assessment, real estate never does. As the administration of the general property tax becomes more effective in the assessment of real estate, it becomes perhaps less effective in reaching many classes of personal property. If all other classes of property subject to the tax were assessed with equal efficiency as real estate, the tax on real estate would probably be reduced in most of the States by a very substantial amount.

Sale Value as the Basis of Real Estate Taxation

Farm real estate is assessed for taxation by State and local governments on the basis of market or sale value. Sale value of land has been defined as "nothing but the capitalized value of net profits ordinarily derived from its use."^{5/} As expressed by another writer, the value to be assigned to a given tract of land depends upon (1) the income which the land yields at a given time, (2) the anticipated increases or decreases in this income, and (3) the rate of capitalization of such income.^{6/} It is evident from these definitions that there are two primary elements in the

^{4/} In New York the State levied a property tax for schools which was practically offset in the two counties studied by apportionment of State funds for schools by the State Commissioner of Education in accordance with the provisions of the education law. See article 4, section 71, of the Tax Law of the State of New York, 1920.

^{5/} Seligman, E. R. A., Incidence of Taxation, 4th Edition, p. 262.

^{6/} Chambers, C. R., Relation of Land Income to Land Value, U. S. Department Bul. No. 1224, p. 28.

value of real estate, its annual or use value and its speculative value. If it is assumed that the income is entirely of a monetary nature, the importance of each of these elements may be approximately measured. The capitalized annual rental may be used to represent the annual value, and census valuation may be used to represent the combined annual and speculative value, that is, the selling price. The difference between census valuation and the capitalized annual rental by this method would represent the part of sale value which is based on expected increase or decrease in income.

The current long-term mortgage rate of interest may be used in capitalizing net cash rental, for it is assumed that the farmer as a rule has the alternative of selling his farm and investing the proceeds in such mortgage securities.^{7/}

When using this rate as reported by the census for capitalizing annual rental, it is found (Table 2) that a relatively small percentage of census valuation is represented by annual income. The capitalized rental in only one of the 31 counties was more than a hundred per cent of census valuation. Outside the southern and a few of the western States it was 50 per cent or less. In southern counties, except Payne County, Oklahoma, the capitalized cash rental was more than 50 per cent of census valuation, although the rental in this region is in part a return for management and risk.

In fact, in the majority of cases, annual rental accounted for less than half of the valuation reported by the census and in 15 of the 31 counties it accounted for less than two-fifths. The low figure of 10.5 per cent shown for Chester County, Pennsylvania, might have been due to the relatively low average rate of return on cash-rented farms as compared with all farms in the county, or to the greater deduction made from rent for depreciation and insurance on excess improvements. It is also possible that the farms surveyed in Chester County were not representative for other reasons.

In the middle western counties, where capitalized annual rental perhaps more accurately reflects real estate earnings, less than half of the census valuation of 1920 according to this method of calculation, is assignable to current income at that time (Table 3). The remainder may be considered as based on the mere expectation that rents would increase at some future time.

This means that the greater part of the sale value of these farms in 1919 was based on the expectation that rentals would increase. This expectation has not been realized. Instead of increasing, rentals have been materially reduced, in some cases as much as 50 per cent. A recent study of more than 100 farms in Indiana shows rents from 1919 to 1923 to have declined from \$7.49 to \$4.25 per acre, while the tax increased from 90 cents to \$1.41 per acre.^{8/}

^{7/} Department Bulletin cited above, pp. 42-45.

^{8/} Press release of the Department of Agriculture dated March 25, 1924.

Table 2. Capitalized Net Cash Rental Compared with Census Valuation, 1919.

S t a t e and C o u n t y	Capitalized	Census	Capitalized
	net cash rental per acre	Valuation per acre	net cash rental in per cent of census valuation
	Dollars	Dollars	Per cent
New York - Delaware	16.35	28.57	57.2
- Niagara	35.19	110.31	31.9
Pennsylvania - Chester	12.12	115.71	10.5
Ohio - Franklin	82.88	194.67	42.6
Indiana - Tipton	139.82	238.63	58.6
Illinois - Macoupin	51.43	127.58	40.3
Michigan - Lenawee	47.89	126.43	37.9
Wisconsin - Dane	54.90	154.95	35.4
Minnesota - McLeod	49.81	136.61	36.5
South Dakota - Moody	72.55	206.39	35.2
Iowa - Union	80.91	165.83	48.8
- Story	109.44	296.07	37.0
Nebraska - Wayne	93.89	243.31	38.6
Kansas - Butler	22.00	57.01	38.6
Virginia - Southampton	30.83	39.80	77.5
North Carolina - Halifax	32.50	47.86	67.9
Georgia - Bleckley	38.86	41.46	93.7
Alabama - Montgomery	34.46	50.81	67.8
Mississippi - Tunica	203.71	133.65	152.4
Tennessee - Rutherford	48.33	68.66	70.4
Arkansas - St. Francis	61.07	99.24	61.5
Oklahoma - Payne	14.84	37.56	39.5
Colorado - Delta	43.24	79.02	54.7
- Otero	153.38	187.40	81.8
Utah - Salt Lake	99.86	278.13	35.9
Idaho - Ada	99.58	237.84	41.9
- Madison	123.90	252.12	49.1
Oregon - Washington	44.26	136.51	32.4
California - Sacramento	142.66	184.85	77.2
- Merced	123.48	221.49	55.7
Arizona - Maricopa	317.11	307.75	103.0

1/ The rates of capitalization used for different counties were the prevailing farm mortgage rates reported by the census of 1920.

Table 3. Percentage of Census Valuation Assignable to Current Income From Rent, Capitalized at Average Rate of Interest on First Mortgages, 1919.

State and County	Census Valuation	Census Valuation	
		Assignable to: capitalized net rental	Assignable to other factors
	Per Cent	Per Cent	Per Cent
Ohio - Franklin	100.0	42.6	57.4
Indiana - Tipton	100.0	58.6	41.4
Illinois - Macoupin	100.0	40.3	59.7
Michigan - Lenawee	100.0	37.9	62.1
Wisconsin - Dane	100.0	35.4	64.6
Minnesota - McLeod	100.0	36.5	63.5
South Dakota - Moody	100.0	35.2	64.8
Iowa - Union	100.0	48.8	51.2
- Story	100.0	37.0	63.0
Nebraska - Wayne	100.0	38.6	61.4
Kansas - Butler	100.0	38.6	61.4

The fluctuation in rent, as well as the fluctuation in land values, illustrates the uncertain foundation upon which the farm real estate tax based on sale value rests. The annual tax is based not only on present income but on predicted incomes which may or may not be realized. If all property subject to the general property tax possessed equally this conditional element, assuming uniform assessments, the chance of inequality because of this factor would be greatly reduced. But this is not the case. The value of many classes of property other than farm land follows closely capitalized annual income, or if not closely, certainly more closely than farm real estate. In fact, the value of real estate itself follows more closely the capitalized annual earnings in the case of some farms than others. This variation in the relation of annual and sale value of farms explains in part the different percentages of rents absorbed by taxes, shown in Table I.

Table 4. Annual Rental Capitalized at Average Interest Rates in Relation to Assessed Valuation, 1920.

State and County	Capitalized Rental, Per Cent of Assessed Valuation
	Per Cent
Ohio - Franklin	71.3
Indiana - Tipton	71.0
Illinois - Macoupin	127.1
Michigan - Lenawee	46.4
Wisconsin - Dane	47.7
Minnesota - McLeod	48.7
South Dakota - Moody	76.6
Iowa - Union	120.5
- Story	114.0
Nebraska - Wayne	63.5
Kansas - Butler	62.7

When the annual value, as derived above, is compared with assessed valuation, Table 5, it is found that the capitalized annual rental in 8 of the 11 counties surveyed in the North Central States represented less than 77 per cent of the assessed valuation. In 3 of the counties it represented less than 50 per cent, while in 3 of the counties it was more than 100 per cent of assessed valuation. This illustrates the slight relation that exists in some States between the annual income from farms and the annual tax. The variability in the relation of the tax to census valuation is shown in Table 6 of the Appendix.

Relation of Taxes to Rent of Urban Real Estate

Taxes on urban real estate, in percentage of net rent, ^{were} ascertained for a limited number of properties in 10 counties where farm surveys were made. The percentage in 7 of the 10 counties, as shown in Table 5, was

practically the same as that found for farm real estate in the same counties.^{9/} In two of the counties this percentage for farm real estate was two and a half times that for the urban,^{10/} and in Washington County, Oregon, one and a half times as much.^{11/}

While buildings represent a higher percentage of the value of urban real estate than of farms (about 50 per cent for these properties) urban and rural real estate are near enough alike in most respects for trustworthy comparison of the taxes in relation to rents. Taxes on urban real estate include in part special municipal levies for providing special facilities such as light and water, which the farmer provides at private expense. If only taxes for the same or similar purposes had been included in these statistics, the tax in percentage of rent of urban real estate would have been less in practically all counties than that shown for farms.

Table 5. Property Taxes of Urban Real Estate, Percentage of Net Rent, 1919.

S t a t e and C o u n t y	Prop- er- ties	: Number:	: Dollars	: Average : net rental : (Before : deducting : taxes)/1	: Average : Tax on : Real : Estate	: Relation of : Taxes to : net rent : (Before de- : ducting : taxes)
						Per Cent
New York - Niagara	: 15	:	\$ 17,662	: \$ 1,604	: \$ 197.99	: 12.3
Indiana - Tipton	: 20	:	11,827	: 1,322	: 208.74	: 15.8
Illinois - Macoupin	: 48	:	14,369	: 917	: 144.80	: 15.8
Wisconsin - Dane	: 9	:	216,504	: 35,429	: 3,956.60	: 11.2
Minnesota - McLeod	: 21	:	9,685	: 638	: 158.52	: 24.8
South Dakota - Moody	: 38	:	10,903	: 612	: 128.11	: 20.9
Iowa - Union	: 16	:	--	: 1,329	: 212.17	: 16.0
Kansas - Butler	: 15	:	26,961	: 3,634	: 814.06	: 22.4
Colorado - Delta	: 17	:	13,611	: 1,094	: 278.59	: 25.5
Oregon - Washington	: 15	:	216,282	: 1,186	: 335.96	: 28.3

^{1/} Deductions from gross rent, to obtain net rent, include repairs and insurance reported for the properties and 2 per cent of assessed valuation of buildings for structural deterioration.

^{9/} These seven counties are Tipton, Indiana; Macoupin, Illinois; McLeod, Minnesota; Moody, South Dakota; Union, Iowa; Butler, Kansas; and Delta, Colorado.

^{10/} Counties: Niagara, New York; Dane, Wisconsin.

^{11/} The urban real estate included in these counties was mainly business property with brick and stone structures in good or medium condition, except in McLeod County, Minnesota, and Moody County, South Dakota, where some frame residences were included.

Figure 6. Distribution of Property Taxes ^{/1}
According to Levying Jurisdiction.

S t a t e and C o u n t y	Levied by		
	State	County	Township and Local District
	Per Cent	Per Cent	Per Cent
Pennsylvania - Chester ^{/2}	--	18.3	81.7
Ohio - Franklin ^{/3}	5.5	47.6	46.9
Indiana - Tipton ^{/4}	21.2	23.2	55.6
Michigan - Lenawee ^{/5}	21.6	57.3	21.1
South Dakota - Moody ^{/6}	20.8	66.6	12.6
Iowa - Union ^{/7}	14.6	38.5	46.9
- Story	11.0	34.1	54.9
Nebraska - Wayne	26.0	29.1	44.9
Alabama - Montgomery	38.2	61.8	--
Mississippi - Tunica ^{/8}	14.7	74.7	10.6
Tennessee - Rutherford	30.1	13.7	56.2
Arkansas - St. Francis	21.5	24.3	54.2
Colorado - Delta	16.5	30.4	53.1
- Otero	18.4	30.9	50.7
Idaho - Madison ^{/9}	25.3	51.6	23.1
California - Merced	-	79.3	20.7

^{/1} Including all property taxes levied in the county in 1919 except special municipal, drainage or levee and irrigation taxes, unless specifically stated otherwise. (As reported by county officials or computed from official reports).

^{/2} Only taxes levied on 177 selected farms.

^{/3} Only taxes levied on rural property.

^{/4} The district road tax is classed with township and local district taxes, although in many cases the township road is a part of the county system.

^{/5} Including drainage tax.

^{/6} Not including taxes on moneys and credits and telephone property.

^{/7} Taxes on rural property.

^{/8} Taxes on cultivable land, not including acreage levee tax.

^{/9} Not including predatory animal tax.

Distribution of Property Taxes According
to Levying Jurisdiction and Purpose

In most of the 16 counties for which data were secured, the State as compared with the county and minor subdivisions, levied a relatively small proportion of the property tax. The State tax in Montgomery County, Alabama, was over a third of the total, as shown in Table 6, while in Franklin County, Ohio, it was as low as 5.5 per cent of the total. In Pennsylvania and California no real estate tax was levied by the State. The proportion of property taxes levied by the county government ranged from 18 to 79 per cent, and by townships and local districts, not including incorporated places, from 11 to 82 per cent.

The varying proportions of the total tax levied by the county or minor subdivisions of the county merely reflect differences in method of conducting county and local affairs. If there is a high degree of centralization in the county as regards school and road finance, as, for example, in Montgomery County, Alabama,^{12/} a large proportion of local taxes will be levied by the county rather than by local districts. If the opposite of this prevails as in Chester County, Pennsylvania, most of the tax may be levied by townships and local districts. Variation in the proportion levied by the State is partly explained in the same way, although the State's part is affected more by revenues from sources other than the property tax.

Analysis of the use made of the tax dollar can be shown accurately only where statistics of expenditures are available. In the absence of such data tax levies indicate in a general way the major purposes of taxation. Of these only two classes, school and road, could be separated with a reasonable degree of exactness. In 14 of the 16 counties, over a third of all property taxes was levied for schools, and in 3 of these counties over half of the total was for schools. Only in the Pennsylvania and Mississippi Counties was as much as a third of property taxes levied for road purposes, and the road tax was more than the school tax only in the Mississippi County. Revenues obtained from other sources, of course, have some effect on the proportion of the road tax shown here. It has not been possible to show trustworthy comparisons of taxes used for general and miscellaneous expenses, inasmuch as some States make specified levies for certain expenses, while others appropriate revenues from the general fund for such expenses. Moreover, some elasticity in the use of the general fund with respect to education and highways is allowed in some States.

As a rule, most of the State property tax, where State taxes were levied at all, was for general expense, although in 3 of the counties about half of the state levy was for schools of one kind or another. The general

^{12/} Local school districts in this county, under an enabling Act, have been consolidated into a county-wide district with uniform tax rate for school purposes. Local road taxes are also levied uniformly over the county.

Table 7. Distribution as to Purpose for which Property Taxes are Levied.

S t a t e and C o u n t y	:	:	Road and Bridge	:	All Other	
	:	:		:		
Pennsylvania - Chester	:	39.4	:	42.3	:	18.3
Ohio - Franklin	:	34.0	:	19.8	:	46.2
Indiana - Tipton	:	57.2	:	22.8	:	20.0
Michigan - Lenawee	:	24.6	:	27.2	:	48.2
South Dakota - Moody	:	34.3	:	15.0	:	50.7
Iowa - Union	:	38.9	:	25.5	:	35.6
- Story	:	49.9	:	19.3	:	30.8
Nebraska - Wayne	:	45.8	:	30.0	:	24.2
Alabama - Montgomery	:	35.3	:	14.7	:	50.0
Mississippi - Tunica	:	7.4	:	35.3	:	57.3
Tennessee - Rutherford	:	52.0	:	15.1	:	32.9
Arkansas - St. Francis	:	43.6	:	32.7	:	23.7
Colorado - Delta	:	49.8	:	21.5	:	28.7
- Otero	:	59.9	:	19.8	:	20.3
Idaho - Madison	:	46.7	:	13.6	:	39.7
California - Merced	:	34.5	:	22.5	:	43.0

expense item is usually more important in county levies, although in a few counties, according to the system which happens to prevail, school and road taxes may constitute a large part. Township and special district taxes are usually for school, road and miscellaneous expense of a local character.^{13/} Over 80 per cent of the school tax in the counties studied in Pennsylvania, Ohio, Indiana, Iowa, Nebraska, Tennessee, and Colorado was levied by townships and local districts. In Michigan, South Dakota and Mississippi the school tax was levied primarily by the county. In Idaho and California counties this levy was about equally divided between county and local districts, while in Montgomery County, Alabama, it was about equally divided between State and county. In St. Francis County, Arkansas, the State levied about a third and local districts about two-thirds of school taxes.

In the levy of property taxes for highway purposes the county plays the leading role. In Ohio, Indiana, Michigan, South Dakota, Iowa, Alabama, Mississippi, Colorado and California, approximately two-thirds or more of the road tax was levied by the county. In these counties the remainder of the tax was levied by townships and local districts, except in Ohio, Indiana, and Colorado, where the State levied a small proportion of the tax. In the Pennsylvania and Arkansas counties local districts levied most of the tax. In Wayne County, Nebraska, the county levied 60 per cent of road taxes, and

^{13/} In a few cases it has not been possible to separate from other taxes the road tax levied by townships but the effect on the final result is unimportant.

the State and local districts shared the remainder equally. In Madison County, Idaho, the State levied over half of the tax and the county the remainder. In Rutherford County, Tennessee, the State levied about a third and local districts two-thirds.

Practically every conceivable combination of State, county and local tax levies is thus shown for the few counties considered. Analysis of the general property tax in this respect, however, fails to give a complete picture of State and local fiscal systems. Some of the revenues for school and especially for highway purposes is obtained from sources other than the general property tax. Accurate analyses of the sources of all revenues, on the one hand, and the expenditure of such revenues, on the other, would have more significance. While this has not been done in the present study, the system of distribution of tax revenues is known to have a direct bearing on the problem of farm real estate taxation.

The general property tax is the principal reliance of State and local governments, as shown in Table 1 of the Appendix, but considerable revenues are obtained for State purposes from other sources. The amount and the use made of such special revenues will determine in a measure the relative amount of taxes paid on real estate. For instance, in view of the present demand for educational and highway services and facilities, the State that shifts the responsibility of financing these special functions of government to the county or local districts may expect heavy real estate taxation. This is true for the reasons that local taxation in rural districts means general property taxation, and that general property taxation always degenerates essentially into a tax on real estate. Distribution of revenues, therefore, is an important part of the problem.

What is the relation of State to local expenditures? Certainly, the State's obligation goes further than merely fixing certain standards for the local government to follow without giving any financial support to the maintenance of such standards. The State has a direct financial obligation to the locality in maintaining those services and facilities having general, as distinguished from local, benefits. Many States have undoubtedly shirked this responsibility, in part at least, as regards public education and highways. The direct result has been heavier taxation of farm real estate. Professor John A. Hobson, dealing with the same problem in England, says: "It is equally clear that, if the State is to require conformity to a national standard of efficiency on the part of local administrators, it must be prepared to assist in the finance."^{14/}

Some have erroneously believed that a reduction in State revenues will mean a reduction in their tax bill. On the contrary, a reduction in State revenues may have the opposite effect on certain groups of taxpayers, especially farmers, unless such reduction is merely for the purpose of curtailing the State's administrative expense. Where the State withholds its support from public education, highways, and like functions, in so far as such services have general rather than local importance, the localities

^{14/} Hobson, John A., Taxation in the New State, p. 241.

must take up the burden where the State leaves it, with resulting higher local taxation.

While no final conclusions may be drawn on the basis of limited data, certain facts in the present report appear significant. A large percentage of farm rents in many counties was paid out in taxes in 1919, when rents were higher and taxes lower than they are at present. There is reason to believe, in fact, that since 1919, taxes have absorbed all the income from rent on many of the less favored farms. Excessive farm real estate taxation results from the attempt to apply sale value as a uniform measure of the tax to classes of property yielding differing rates of return and varying in the difficulty with which they are reached under general property tax methods. The solution of this part of the problem may finally be found in the assessment of certain rather than uncertain values, and in the measurement of the tax more nearly than it is now according to earning capacity. The situation would further be remedied by raising more revenues from sources that are now yielding a smaller tax return than they might for distribution in such a way as to relieve the present excessive local tax burden. A degree of retrenchment in public expenditures along some lines is doubtless advisable, but no permanent measure of relief for farmers is to be expected without thorough readjustment in State and local fiscal methods.

APPENDIX

Table 1. General property taxes, percentage of total tax revenues, 1/
by states and minor civil divisions, 1922
(Totals expressed in thousands of dollars)

Civil Divisions	: Total taxes : :(not including : :special assess-: :ment)	: General property taxes	: General property tax, per cent of total
	: Dollars	: Dollars	: Per cent
Alabama	: 29,229	: 22,706	: 77.7
State	: 10,305	: 6,633	: 64.4
Counties	: 12,123	: 11,427	: 94.3
Township and District <u>2/</u>	: :	: :	: :
Incorporated towns and cities:	: 6,801	: 4,646	: 68.3
Arizona	: 19,692	: 18,558	: 94.2
State	: 6,315	: 5,680	: 89.9
Counties	: 6,626	: 6,451	: 97.4
Township and District	: 4,774	: 4,665	: 97.7
Incorporated towns and cities:	: 1,977	: 1,762	: 89.1
Arkansas	: 20,471	: 16,718	: 81.7
State	: 6,444	: 4,686	: 72.7
Counties	: 5,717	: 4,433	: 77.5
Township and District	: 6,280	: 6,280	: 100.0
Incorporated towns and cities:	: 2,030	: 1,319	: 65.0
California	: 207,372	: 157,507	: 76.0
State	: 43,699	: 5	: .01
Counties	: 64,138	: 63,049	: 98.3
Township and District	: 39,113	: 39,112	: 100.0
Incorporated towns and cities:	: 60,422	: 55,341	: 91.6
Colorado	: 46,016	: 42,550	: 92.5
State	: 8,955	: 6,575	: 73.4
Counties	: 12,305	: 11,794	: 95.8
Township and District	: 15,264	: 15,264	: 100.0
Incorporated towns and cities:	: 8,792	: 8,217	: 93.5
Connecticut	: 63,435	: 46,610	: 73.5
State	: 16,508	: 2,289	: 13.9
Counties	: 1,152	: 215	: 19.4
Township and district	: 4,016	: 3,650	: 90.9
Incorporated towns and cities:	: 41,759	: 39,756	: 95.2

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	Total taxes (not including: special assess- ment)	General property taxes	General property tax, per cent of total
Delaware	8,005	4,478	55.9
State	3,919	505	12.9
Counties	1,687	1,671	99.1
Township and District 2/			
Incorporated towns and cities	2,399	2,302	96.0
Florida	34,285	30,156	88.0
State	8,588	5,417	63.1
Counties	12,261	12,051	98.3
Township and District	5,011	5,011	100.0
Incorporated towns and cities	8,425	7,677	91.1
Georgia	41,537	34,362	82.7
State	10,869	6,342	58.4
Counties	15,133	14,731	97.3
Township and District	800	800	100.0
Incorporated towns and cities	14,735	12,439	84.8
Idaho	18,717	17,233	92.1
State	3,480	2,717	78.1
Counties	7,036	6,422	91.3
Township and District	5,961	5,949	99.8
Incorporated towns and cities	2,240	2,145	95.8
Illinois	248,955	217,694	87.4
State	35,561	13,222	37.2
Counties	24,505	24,267	99.0
Township and District	116,303	116,222	99.9
Incorporated towns and cities	72,586	63,983	88.1
Indiana	121,356	113,467	93.5
State	18,473	12,420	67.2
Counties	32,323	31,969	98.9
Township and District	49,813	48,970	98.3
Incorporated towns and cities	20,737	20,108	97.0

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	Total taxes (not including special assess- ment)	General property taxes	General property tax, per cent of total
	Dollars	Dollars	Per cent
Iowa	111,343	96,601	86.8
State	21,983	8,916	40.6
Counties	23,876	23,150	97.0
Township and District	50,247	50,001	99.5
Incorporated towns and cities	15,237	14,534	95.4
Kansas	71,123	65,961	92.7
State	8,639	6,642	76.9
Counties	18,104	16,265	89.8
Township and District	32,738	32,050	97.9
Incorporated towns and cities	11,642	11,004	94.5
Kentucky	46,609	39,686	85.1
State	15,376	10,650	69.3
Counties	9,767	9,089	93.1
Township and District	9,600	9,600	100.0
Incorporated towns and cities	11,866	10,347	87.2
Louisiana	51,023	43,092	84.5
State	16,701	10,580	63.3
Parishes	10,377	10,180	98.1
Township and District	8,108	7,876	97.1
Incorporated towns and cities	15,837	14,456	91.3
Maine	27,925	21,511	77.0
State	9,170	3,670	40.0
Counties	1,056	1,056	100.0
Township and District	6,621	6,324	95.5
Incorporated towns and cities	11,078	10,461	94.4
Maryland	45,763	36,293	79.3
State	12,442	4,739	38.1
Counties	8,941	8,642	96.7
Township and District	11	9	81.8
Incorporated towns and cities	24,369	22,903	94.0

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	: Total taxes : :(not including : :special assess- : :ment) :	General property taxes	: General :property tax, : per cent : of total
	: Dollars :	: Dollars :	: Per cent
Massachusetts	: 209,112 :	: 155,222 :	: 74.2
State	: 38,098 :	: 12,000 :	: 31.5
Counties	: 5,718 :	: 5,621 :	: 98.3
Township and District	: 163 :	: 153 :	: 93.9
Incorporated towns and cities	: 165,133 :	: 137,448 :	: 83.2
Michigan	: 186,672 :	: 163,271 :	: 87.5
State	: 45,997 :	: 28,362 :	: 61.7
Counties	: 29,289 :	: 23,963 :	: 81.8
Township and District	: 46,217 :	: 46,213 :	: 100.0
Incorporated towns and cities	: 65,169 :	: 64,733 :	: 99.3
Minnesota	: 121,241 :	: 100,654 :	: 83.0
State	: 29,635 :	: 10,282 :	: 34.7
Counties	: 21,393 :	: 21,804 :	: 99.1
Township and District	: 33,565 :	: 33,561 :	: 100.0
Incorporated towns and cities	: 36,043 :	: 35,007 :	: 97.1
Mississippi	: 35,725 :	: 30,713 :	: 86.0
State	: 9,080 :	: 6,490 :	: 71.5
Counties	: 8,876 :	: 8,255 :	: 93.0
Township and District	: 11,166 :	: 9,869 :	: 88.4
Incorporated towns and cities	: 6,603 :	: 6,099 :	: 92.4
Missouri	: 95,025 :	: 79,077 :	: 83.2
State	: 16,460 :	: 4,971 :	: 30.2
Counties	: 16,384 :	: 16,325 :	: 99.8
Township and District	: 34,090 :	: 33,901 :	: 99.4
Incorporated towns and cities	: 28,111 :	: 23,880 :	: 84.9
Montana	: 24,253 :	: 22,067 :	: 91.0
State	: 3,416 :	: 2,054 :	: 60.1
Counties	: 8,922 :	: 8,454 :	: 94.8
Township and District	: 8,933 :	: 8,876 :	: 98.8
Incorporated towns and cities	: 2,932 :	: 2,683 :	: 91.5

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	Total taxes (not including special assess- ment)	General property taxes	General property tax, per cent of total
Nebraska	58,011	54,348	93.7
State	10,577	9,748	92.2
Counties	12,089	9,893	81.8
Township and District	26,775	26,464	98.8
Incorporated towns and cities	8,570	8,243	96.2
Nevada	5,764	5,241	90.9
State	1,477	1,295	87.7
Counties	3,244	3,097	95.5
Township and District	406	406	100.0
Incorporated towns and cities	637	443	69.5
New Hampshire	19,359	14,662	75.7
State	5,562	3,109	55.9
Counties	1,086	1,086	100.0
Township and District	3,350	2,510	74.9
Incorporated towns and cities	9,361	7,957	85.0
New Jersey	155,904	135,342	86.8
State	36,363	22,351	61.5
Counties	25,021	24,579	98.2
Township and District	22,186	21,734	98.0
Incorporated towns and cities	72,334	66,678	92.2
New Mexico	11,046	10,262	92.9
State	3,091	2,537	82.1
Counties	6,602	6,499	98.4
Township and District	601	601	100.0
Incorporated towns and cities	752	625	83.1
New York	595,881	463,851	77.8
State	117,057	23,971	20.5
Counties	30,553	29,109	95.3
Township and District	43,437	40,254	92.7
Incorporated towns and cities	404,834	370,517	91.5

Table 1. General property taxes; percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	Total taxes :(not including :special assess- :ment)	General property taxes	General property tax, per cent of total
	Dollars	Dollars	Per cent
North Carolina	46,162	35,252	76.4
State	9,933	1,265	12.7
Counties	20,722	19,805	95.5
Township and District	5,106	5,010	98.1
Incorporated towns and cities	10,391	9,172	88.3
North Dakota	29,358	27,485	93.6
State	4,847	3,365	69.4
Counties	6,753	6,633	98.2
Township and District	15,806	15,376	98.5
Incorporated towns and cities	1,952	1,911	97.9
Ohio	251,019	219,668	87.5
State	41,040	17,076	41.6
Counties	72,098	70,128	97.3
Township and District	75,601	75,474	99.8
Incorporated towns and cities	62,280	56,990	91.5
Oklahoma	53,074	44,319	83.5
State	6,715	1,146	17.1
Counties	15,326	11,594	87.0
Township and District	23,329	22,733	97.5
Incorporated towns and cities	9,704	8,841	91.1
Oregon	41,402	35,405	85.5
State	12,910	7,303	56.6
Counties	12,147	12,059	99.3
Township and District	9,458	9,453	100.0
Incorporated towns and cities	6,287	6,585	95.6
Pennsylvania	300,082	224,975	75.0
State ^{4/}	67,189		
Counties	32,925	29,985	91.1
Township and District	112,610	111,783	99.4
Incorporated towns and cities	87,358	83,202	95.2

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	Total taxes (not including special assess- ment)	General property taxes	General property tax, per cent of total
	Dollars	Dollars	Per cent
Rhode Island . .	24,001	18,413	76.7
State	6,438	1,180	18.3
Counties 3/			
Township and District 2/			
Incorporated towns and cities	17,563	17,233	98.1
South Carolina	23,420	19,558	83.5
State	6,999	4,943	70.6
Counties	5,147	4,620	89.8
Township and District	6,277	5,968	95.1
Incorporated towns and cities	4,997	4,027	80.6
South Dakota .	31,845	30,374	95.4
State	4,289	3,466	80.8
Counties	8,442	7,966	94.4
Township and District	14,818	14,744	99.5
Incorporated towns and cities	4,296	4,198	97.7
Tennessee	42,912	35,202	82.0
State	10,121	6,106	60.3
Counties	19,563	17,485	89.4
Township and District	431	426	98.8
Incorporated towns and cities	12,797	11,185	87.4
Texas	108,970	94,890	96.3
State	30,210	19,677	65.1
Counties	27,263	24,296	89.1
Township and District	21,492	21,492	100.0
Incorporated towns and cities	30,005	29,425	98.1
Utah	17,034	15,398	90.4
State	5,067	3,767	74.3
Counties	3,084	3,028	98.2
Township and District	5,416	5,416	100.0
Incorporated towns and cities	3,467	3,187	91.9

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions	Total taxes (not including special assess- ment)	General property taxes	General property tax, per cent of total
	Dollars	Dollars	Per cent
Vermont	12,052	9,075	75.3
State	3,946	1,608	40.8
Counties	55	55	100.0
Township and District	4,150	3,810	91.8
Incorporated towns and cities	3,901	3,602	92.3
Virginia	46,618	32,093	68.8
State	18,288	6,905	37.8
Counties	12,170	11,773	96.7
Township and District 2/			
Incorporated towns and cities	16,160	13,415	83.0
Washington	68,776	60,186	87.5
State	17,887	10,915	61.0
Counties	17,061	15,783	92.5
Township and District	21,202	21,202	100.0
Incorporated towns and cities	12,626	12,286	97.3
West Virginia	42,294	35,058	82.9
State	9,600	3,064	31.9
Counties	12,025	11,710	97.4
Township and District	16,079	16,079	100.0
Incorporated towns and cities	4,590	4,205	91.6
Wisconsin	124,340	106,248	85.4
State	26,170	15,991	61.1
Counties	23,299	21,833	93.7
Township and District	33,433	32,630	97.6
Incorporated towns and cities	41,438	35,794	86.4
Wyoming	8,488	7,438	87.6
State	2,248	1,658	73.8
Counties	2,544	2,286	89.8
Township and District	2,364	2,306	97.5
Incorporated towns and cities	1,332	1,188	89.2

Table 1. General property taxes, percentage of total tax revenues, by states and minor civil divisions, 1922. (continued)

Civil Divisions (Not including District of Columbia)	: Total taxes : :(not including : :special assess- :ment)		: General : :property tax, : per cent : of total	
	: Dollars : :		: Dollars : : Per cent	
All States	: 4,002,698	:	: 3,321,484	: 83.0
States	: 858,142	:	: 348,293	: 40.6
Counties	: 725,525	:	: 687,286	: 94.7
Township and District	: 953,876	:	: 941,142	: 98.7
Incorporated towns and cities	: 1,465,155	:	: 1,344,763	: 91.8

1/ As reported by the Census of 1922, but not including special assessments.

2/ No township or district tax levies.

3/ No county tax levies.

4/ No state general property tax levies.

Table 2. Comparison of farms studied with all farms in the county. 1/

State and County	Average acreage		Improved acreage		Average census valuation of land and improvements		Proportion of value of real estate in improvements	
	per farm		per acre		per acre		per acre	
	Selected: Farms	All farms: Acres	Selected: Farms	All farms: Per cent	Selected: Farms	All farms: Dollars	Selected: Farms	All farms: Per cent
New York	:	:	:	:	:	:	:	:
Delaware	153.1	161.5	57.8	56.8	29	35	48.8	52.2
Niagara	79.0	71.2	87.8	91.6	110	142	29.6	37.8
Pennsylvania:	:	:	:	:	:	:	:	:
Chester	84.7	77.0	78.4	81.1	116	128	48.0	52.8
Ohio	:	:	:	:	:	:	:	:
Franklin	88.2	78.5	83.9	89.3	195	195	11.0	16.8
Indiana	:	:	:	:	:	:	:	:
Tipton	82.3	85.6	88.9	89.5	239	244	10.8	13.4
Illinois	:	:	:	:	:	:	:	:
Macoupin	100.1	135.0	78.0	78.0	128	125	15.0	14.8
Michigan	:	:	:	:	:	:	:	:
Lenawee	83.3	89.9	82.8	81.0	126	121	33.8	31.9
Wisconsin	:	:	:	:	:	:	:	:
Dane	109.0	116.0	72.4	71.0	155	149	19.7	22.8
Minnesota	:	:	:	:	:	:	:	:
McLeod	141.4	122.2	83.3	84.4	137	155	14.8	20.6
South Dakota:	:	:	:	:	:	:	:	:
Moody	230.8	246.4	83.4	83.8	206	194	9.4	9.4
Iowa	:	:	:	:	:	:	:	:
Union	145.4	158.8	84.1	85.9	166	170	11.3	12.6
Story	145.6	148.1	86.7	89.2	296	310	7.5	9.7
Nebraska	:	:	:	:	:	:	:	:
Wayne	184.3	192.8	97.2	96.5	243	247	7.5	9.3
Kansas	:	:	:	:	:	:	:	:
Butler	282.8	287.6	50.8	54.4	57	59	11.0	12.8
Virginia	:	:	:	:	:	:	:	:
So. Hampton	134.1	83.3	34.8	40.4	40	55	15.6	23.5
No. Carolina:	:	:	:	:	:	:	:	:
Halifax	65.2	71.7	45.9	45.5	48	62	16.8	22.2
Georgia	:	:	:	:	:	:	:	:
Bleckley	97.6	84.5	64.1	65.0	42	54	16.8	17.5
Alabama	:	:	:	:	:	:	:	:
Montgomery	41.2	64.6	81.8	71.8	51	42	18.4	20.8
Mississippi	:	:	:	:	:	:	:	:
Tunica	37.3	33.3	87.3	71.3	134	158	14.6	13.4
Tennessee	:	:	:	:	:	:	:	:
Rutherford	79.9	68.8	60.0	61.4	69	74	20.4	22.8
Arkansas	:	:	:	:	:	:	:	:
St. Francis:	36.7	41.5	81.8	70.2	99	81	14.8	20.1
	:	:	:	:	:	:	:	:

Table 2. Comparison of farms studied with all farms in the county.
(Continued)

State and County	Average acreage		Improved acreage		Average census valuation of land and improvements		Proportion of value of real estate in improvements	
	per farm	per acre	per farm	per acre	per farm	per acre	per farm	per acre
	Selected: Farms	All farms: Farms	Selected: Farms	All farms: Farms	Selected: Farms	All farms: Farms	Selected: Farms	All farms: Farms
	Acres	Acres	Per cent	Per cent	Dollars	Dollars	Per cent	Per cent
Oklahoma								
Payne	145.2	154.9	64.3	62.3	38	42	15.7	17.4
Colorado								
Delta	69.3	99.5	54.7	43.9	79	85	15.0	16.7
Otero	100.3	225.0	78.9	28.2	187	60	13.6	12.7
Utah								
Salt Lake	42.7	130.1	76.1	29.1	278	84	11.8	16.9
Idaho								
Ada	46.9	92.7	86.6	64.6	238	142	11.4	13.9
Madison	93.6	234.5	94.3	71.3	252	80	3.4	10.5
Oregon								
Washington	102.0	72.3	57.0	54.3	137	153	12.2	16.9
California								
Sacramento	90.9	186.7	93.8	71.8	185	144	7.6	9.4
Merced	109.7	394.4	85.8	45.1	222	78	9.5	11.0
Arizona								
Maricopa	83.8	204.2	95.3	34.8	308	114	4.7	7.9

1/ Census of 1920.

Table 3. Net Cash Rent, Percentage of Census Valuation, Selected Farms,

1919.

S t a t e and C o u n t y	: Net Cash Rent, : percentage of : : census valua- : tion (before : : deducting taxes)	S t a t e and C o u n t y	: Net Cash Rent, : percentage of : : census valua- : ation (before : : deducting taxes)
	Per Cent		Per Cent
New York - Delaware	4.3	Georgia - Bleckley	7.1
- Niagara	2.5	Alabama - Montgomery	4.7
Pennsylvania - Chester	1.6	Mississippi - Tunica	10.7
Ohio - Franklin	3.2	Tennessee - Rutherford	4.6
Indiana - Elletts	3.9	Arkansas - St. Francis	5.1
Illinois - Macoupin	2.8	Oklahoma - Payne	3.5
Michigan - Lenawee	3.5	Colorado - Delta	5.1
Wisconsin - Dane	2.6	- Otero	6.7
Minnesota - McLeod	2.6	Utah - Salt Lake	3.5
South Dakota - Moody	2.3	Idaho - Ada	4.2
Iowa - Union	3.2	Idaho - Madison	4.5
- Story	2.5	Oregon - Washington	3.2
Nebraska - Wayne	2.4	California - Sacramento	5.7
Kansas - Butler	3.0	- Merced	4.4
Virginia - Southampton	4.9	Arizona - Maricopa	8.7
North Carolina - Halifax	4.3		

Table 4. Rates of Depreciation and Repairs, and of Insurance /1
By Counties, and Total Deduction per Acre from Gross Rent.

S t a t e and C o u n t y	Rate of depre- :ciation: and re- :pairs : on :build- : ings.	Rate of insur- :ance per : \$100 : valua- : tion of :build- : ings.	Total : deduc- : tion per : acre for : deprecia- : tion, re- : pairs, and : insurance:	S t a t e and C o u n t y	Rate of depre- :ciation: and re- :pairs : on :build- : ings.	Rate of insur- :ance per : \$100 : valua- : tion of :build- : ings.	Total : deduc- : tion per : acre for : deprecia- : tion, re- : pairs, and : insurance:
	Per Cent	Dollars	Dollars		Per Cent	Dollars	Dollars
New York				Georgia			
Delaware	4.0	.36	.58	: Bleckley	7.1	1.24	.56
Niagara	4.0	.36	1.39	: Alabama			
Pennsylvania				: Montgomery	5.8	1.62	.65
Chester	4.0	.40	2.39	: Mississippi			
Ohio				: Tunica	7.9	1.62	1.77
Franklin	2.3	.25	.53	: Tennessee			
Indiana				: Rutherford	5.4	.67	.82
Tipton	3.0	.33	.83	: Arkansas			
Illinois				: St. Francis	6.5	.97	1.06
Macoupin	3.0	.37	.63	: Oklahoma			
Michigan				: Payne	6.0	.87	.39
Lenawee	3.7	.43	1.71	: Colorado			
Wisconsin				: Delta	7.2	.50	.89
Dane	3.6	.23	1.15	: Otero	7.2	.50	1.93
Minnesota				: Utah			
McLeod	4.0	.35	.86	: Salt Lake	4.4	.57	1.58
South Dakota				: Idaho			
Moody	4.0	.25	.81	: Ada	4.6	.69	1.39
Iowa				: Madison	4.6	.69	.44
Union	4.9	.30	.95	: Oregon			
Story	5.1	.30	1.18	: Washington	4.7	.52	.86
Nebraska				: California			
Wayne	5.0	.24	.95	: Sacramento	4.5	.55	.70
Kansas				: Merced	4.5	.55	1.03
Butler	5.0	.35	.33	: Arizona			
Virginia				: Maricopa	4.4	1.37	.78
Southampton	4.5	.73	.31	:			
North Carolina				:			
Halifax	4.5	.70	.51	:			

/1 In States where both old line and farmers' mutual insurance companies operate, an average of the rates used was derived by taking into account the percentage of business done by each in the State. For example, if in a State three-fourths of farmers' insurance is carried by farmers' mutual insurance companies and one-fourth by old line companies, the respective rates were weighted by three-fourths and one-fourth. In the Central and Northwestern States the rate used was about the same as that of the farmers' mutuals, while in most Southern States the rate was usually that of the old line companies. The cost of insurance, whether insurance was actually carried or not, was computed for all farms upon the assumption that the rate for any area reflects approximately the average loss sustained from the usual hazards covered by such insurance.

Table 5. Assessed valuation of farm real estate in relation to Census valuation, 1920

State and County	Statutory Provisions, 1921		Assessed: valuation	Census: valuation	Relation of assessed to census valuation
	Exemption of farm real estate	Rate of assessment of farm real estate	per acre $\frac{1}{2}$	per acre $\frac{2}{2}$	per cent $\frac{2}{2}$
			Dollars	Dollars	Per cent
New York	Real property purchased by pension money exempt to the extent of \$5,000. Limited acreage of forest land planted and registered.	Full value according to amount property would sell for between a willing seller and a willing buyer.			
Delaware			17.25	28.57	60.4
Niagara			75.78	110.31	68.7
Pennsylvania:					
Chester	No exemption		73.83	115.71	63.8
Ohio		True value, as ascertained by usual selling price for cash at voluntary sale			
Franklin	No exemption		116.20	194.67	59.7
Indiana	50% of mortgaged value limited to \$1,000 per person	At price property would bring at private sale			
Tipton			197.00	238.63	82.6
Illinois		Full value, 50 per cent of which is taxable	(20.23)		(15.9)
Macoupin	No exemption		40.46	127.58	31.8
Michigan		Cash value or usual selling price			
Lenawee	No exemption		103.31	126.43	81.7
Wisconsin	Land of 20 to 40 acres settled as a homestead and devoted to agriculture, exempt for 3 years	Full value- that could be obtained at private sale			
Dane			115.21	154.95	74.4
Minnesota		Full value, $33\frac{1}{3}$ per cent of which is taxable	(34.09)		(25.0)
McLeod	No exemption		102.27	136.61	74.9
So. Dakota	Dwelling houses occupied by owner exempt to the extent of \$500	Cash value - price property is fairly worth in money, not at auction sale			
Moody			94.71	206.39	45.9
Iowa	Area of roads adjacent to farms exempt	The value of the market in the ordinary course of trade, 25 per cent of which is taxable	(16.79)		(10.1)
Union			67.16	165.83	40.5
Story			(24.00)		(8.1)
			96.00	296.07	32.4
Nebraska		Actual value, according to the market in the ordinary course of trade			
Wayne			147.86	243.31	60.8

Table 5. Assessed valuation of farm real estate in relation to Census valuation, 1920. (Continued)

State and County	Statutory Provisions, 1921	Assessed valuation per acre	Census valuation per acre	Relation of assessed to census valuation
		Dollars	Dollars	Per cent
Kansas		True value in money		
Butler	No exemption	35.09	57.01	61.6
Virginia		Fair market value		
Southampton	No exemption	7.59	39.80	19.1
No. Carolina		True value in money -		
Halifax	No exemption	what property would bring when sold for cash in the usual manner	8.97	47.86
				18.7
Georgia		Fair market value,		
Bleckley	No exemption	amount property would bring when sold in the usual way	11.10	41.46
				26.8
Alabama		Reasonable cash value	(9.74)	(19.1)
Montgomery	No exemption	60 per cent of which is taxable	16.23	50.81
				31.9
Mississippi	No exemption	At price property would bring at a voluntary sale	57.07	133.65
Tunica				42.7
Tennessee		Actual cash value -		
Rutherford	No exemption	the price that could be obtained where located, at a private sale	13.31	68.66
				19.4
Arkansas				
St. Francis	No exemption		10.90	99.24
				11.0
Oklahoma		Fair cash value - estimated price of fair and voluntary sale	21.91	37.56
Payne	No exemption			58.3
Colorado				
Delta	No exemption	Full cash value	43.07	79.02
Otero			114.87	187.40
				54.5
Utah		Full cash value -		
Salt Lake	No exemption	amount at which property would be taken in payment of a just debt due from a solvent creditor	148.85	278.13
				53.5

Table 5. Assessed valuation of farm real estate in relation to Census valuation, 1920. (Continued)

State and County	Statutory Provisions, 1921	Assessed valuation per acre	Census valuation per acre	Relation of assessed to census valuation
Idaho	Improvements not exceeding \$200 in value	Full cash value		
Ala	are exempt. Special exemption up to \$1,000 of property of widows and orphans and Union soldiers and sailors, when total assessment does not exceed \$5,000		107.22 : 237.84	45.1
Madison			58.62 : 252.12	23.3
Oregon		True cash value at voluntary sale in the usual course of business		
Washington	No exemption		53.01 : 136.51	38.8
California				
Sacramento	No exemption		47.25 : 184.85	25.6
Merced			32.20 : 221.49	14.5
Arizona	Property of resident widows not to exceed \$1,000 where total assessment does not exceed \$2,000	Full cash value - as given in payment of a just debt due from solvent creditor		
Maricopa			128.40 : 307.75	41.7

1/ Although the legal requirement is practically the same in most states, the terminology as expressed by different state laws is used in this table.

2/ Figure in parentheses shows valuation upon which tax is based.

3/ This provision has been since repealed.



Table 6. Farm Real Estate Tax, Percentage of Census Valuation of Land and Improvements of Selected Farms, 1920. ^{1/}

State and County	Census valuation per acre	Tax per acre	Tax, Percentage of Census Valuation
	Dollars	Dollars	Per Cent
New York - Delaware	28.57	.38	1.3
- Niagara	110.31	.85	.8
Pennsylvania - Chester	115.71	1.20	1.0
Ohio - Franklin	194.67	1.41	.7
Indiana - Tipton	238.63	1.41	.6
Illinois - Macoupin	127.58	.64	.5
Michigan - Lenawee	126.43	1.67	1.3
Wisconsin - Dane	154.95	1.18	.8
Minnesota - McLeod	136.61	.85	.6
South Dakota - Moody	206.39	.77	.4
Iowa - Union	165.83	.84	.5
- Story	296.07	1.37	.5
Nebraska - Wayne	243.31	.67	.3
Kansas - Butler	57.01	.41	.7
Virginia - Southampton	39.80	.11	.3
North Carolina - Halifax	47.86	.13	.3
Georgia - Bleckley	41.46	.22	.5
Alabama - Montgomery	50.81	.17	.3
Mississippi - Tunica	133.65	1.61	1.2
Tennessee - Rutherford	68.66	.24	.3
Arkansas - St. Francis	99.24	.53	.5
Oklahoma - Fayne	37.56	.38	1.0
Colorado - Delta	79.02	.96	1.2
- Otero	187.40	2.19	1.2
Utah - Salt Lake	278.13	2.82	1.0
Idaho - Ada	237.84	2.85	1.2
- Madison	252.12	1.76	.7
Oregon - Washington	136.51	1.64	1.2
California - Sacramento	184.85	1.36	.7
- Merced	221.49	1.63	.7
Arizona - Maricopa	307.75	2.61	.8

^{1/} Number of farms and total acreage are the same as shown in Table 1.